INDIAN MONETARY HISTORY.[1]

THE earliest monetary system of India consisted of silver and copper, silver being the standard. The unit was the *rati* (1.75 grains troy). The first rupee (*rupyam*) of 100 *ratis* (176 grains) appeared in 1542. Among the varying local rupees, an English one came in 1677, weighing 167.8 grains. With the English occupation in 1758, the English rupee entered largely into the circulation. Previous to 1835, the principal kinds of rupees were: the rupee *sicca*[2] of Bengal, the rupee *surat* of Bombay, and the rupee *arcot* of Madras. Accounts were, however, generally reckoned in "rupees current", valued at 2 shillings (100 rupees *sicca* equaling 116 rupees current).

In 1835 a silver rupee of uniform weight was adopted for the whole of English India, in order to correct the evils resulting from coins of differing weights and values. The rupee of Madras, of 1818, was adopted as the uniform coin, weighing 180 grains standard and 165 grains fine silver, the standard coin being $\frac{11}{12}$ fine. A law of 1870 further systematized the coinage. Smaller coins of one-half a rupee, one-quarter (4 annas), and one-eighth (2 annas) were coined in silver of the same alloy and of proportional weights. The copper coins based on the *double-pice* (half anna) weighing 200 grains, were the *pice* ($\frac{1}{4}$ anna), the *demi-pice* ($\frac{1}{8}$ anna), and the *pie* ($\frac{1}{12}$ anna). The silver quarters and eighths and the copper coins were legal tender only for fractions of a rupee. Until June 26, 1893, the Indian mints were open to the free coinage of silver. The owner of silver obtained from the mint a receipt which entitled him to a certificate from the comptroller for the net amount in coin of the silver deposited, and payment was made by the treasury. The total coinage of silver for India from 1835 to 1891 is 3,302,500,837 rupees, of which there is in circulation, according to Mr. Harrison, only 1,150,000,000 rupees. The copper coins, more largely than silver, constitute the medium of exchange among the agricultural classes. Taking into account all kinds of coin, the circulation is 5¾ rupees per capita for the 220,000,000 of inhabitants.

The *mohur* was a gold coin, in alloy and weight about the same as

[1] See *Bulletin de Statistique et de Legislation Comparee*, July, 1893, and MR. ROBERT CHALMERS'S *History of Currency in the British Colonies* (1893).

[2] The word *sicca* is derived from the Arabic *sikka*, whence comes the words *zecchino*, or sequin.

the various silver rupees. In Madras a gold coin, the *pagoda*, of 42.048 grains fine, was long in use, but it was suppressed in 1818, and succeeded by the gold mohur. Under the India Company since 1758 attempts were made to establish gold as the standard. At times various ratios from 13:1 to 16:1 were tried, but unsuccessfully. Gold circulated largely at relations determined by private parties to the exchange. In short, gold was mainly used as a matter of convenience, and not as a legal payment, silver being the established standard. Finally the law of 1835 took away from gold the legal tender power it may have had in any of the districts of British India. In 1835 the single silver standard was definitively established.

Abortive attempts to introduce gold, however, were made subsequently to 1835. January 13, 1841, a proclamation authorized the treasuries to receive gold at a relation to silver of 15:1; but in 1847 no gold was in circulation. After the discoveries of gold in California and Australia, when the value of gold fell below 1:15, speculators saw a profit in shipping gold to India, where the ratio was that permitted in 1841. By the close of 1852, about 50 *lakhs* of gold had accumulated in the Indian treasuries. Fearing the depreciation of gold, the Indian government, December 22, 1852, forbade the receipt of gold for dues to the treasuries after January 1, 1853. Gold could be coined, but the mint certificates were payable only in gold coin. Later, a preference for gold became general, and December 23, 1864, the Indian government authorized the treasuries to receive English sovereigns and half-sovereigns at the equivalent of 10 and 5 rupees respectively, and to pay them out at the same rate to creditors of the government who were willing to receive them. At the same time the reserve for government notes to the amount of one-quarter of the total issues could be of gold.

The desire for a gold circulation led to the appointment of the Mansfield commission, which reported, October 4, 1866, on the monetary System of India, recommending the use of gold as legal tender, and making the gold mohur equal to 15 silver rupees. Thereupon the government announced, October 28, 1868, that the English sovereign should be received at the treasuries as the equivalent of 10 rupees 4 annas. The change in the relations of gold to silver, following 1873, prevented these measures from being successfully carried out. But July 15, 1876, the Chamber of Commerce of Bengal urged the adoption of the gold standard. In recent years various plans have

been proposed looking to the introduction of gold concurrently with silver, and the general policy of the government has been away from silver monometallism to bimetallism, at a ratio to be fixed by international agreement.

From 1835–36 to 1891–92, the net importation of gold into India has been 1,513,029,920 rupees, and the total coinage only 24,206,440 rupees.

Since March 1, 1862, there was established a system of note issues on the plan of the English Bank Act of 1844, by which (since 1890) 8 *crores*, or 80 millions, of rupees, invested in government securities, form the maximum issue of notes on securities, all notes issued above that amount being secured by a metallic reserve to an equal amount. In 1890–91 the average note circulation was 256,904,490 rupees.

The disturbance of Indian trade and finances by the continuous fall in silver is too well known to need statement. To banks dealing with customers on a silver standard it was as if their collateral were constantly shrinking in value, while liabilities remained constant. To the government, it was the equivalent of diminishing revenues. Exchange was uncertain and ruinous. The government was long in doubt. Even after the United States passed the act of July 14, 1890, silver fell to the lowest price on record. The Viceroy of India finally concluded that it was time to act, and on June 12, 1892, he submitted to the English government a plan for substituting the gold instead of the silver standard. To examine this plan, the Commission, named after its president, Lord Herschell, was appointed, consisting of Sir Thomas Farrer, Sir Reginald Welby, Mr. Arthur Godley, Sir Richard Strachey, and Mr. Bertram W. Currie. Beginning their work in the autumn of 1892, they reported to the English government about the middle of June, 1893. The conclusions of this Commission were adopted by the Government, and appeared in the law of June 26, 1893, which has created so great a sensation in monetary circles.

The Commission declared that there was no intention of driving out of ordinary use the silver rupee, but that it hoped to establish fixity of value for the rupee in terms of gold, and thereby to give stability to the standard of values and of exchange. But the Commision pointed out that there was not a single province of India in which gold money was not known, or one in which it could not be procured. It recommended the closing of the mints to the free coinage of

silver. This, however, did not leave the country with a fixed quantity of silver rupees, the 1,180 millions outstanding, as the medium of exchange. Although private persons could no longer present silver to be coined at the mints, the Government agreed to coin silver, whenever it was wanted, but in exchange for gold, giving a silver rupee for each 1s. 4d. of gold. That is, a sovereign would exchange for 15 rupees of silver (16d. $\times$ 15 = 240 d. = 20 sh. = £1). The purpose of this, therefore, is not so much the establishment of a single gold standard, as of fixing the value of the silver rupee in terms of gold, and trying to keep the rupee at that value (without taking away its full legal tender power) by limiting its quantity. In short, the new measure puts India much in the position the United States would be in, after the repeal of the Sherman Act, in its attempt to keep at par in gold a large quantity of silver by practically following the principles which regulate subsidiary, or token, coinage: (1) limitation of quantity; and (2) redemption, by making silver practically interchangeable with gold.

The English Government, having adopted the recommendations of the Commission, asked the Viceroy of India for his opinion by telegraph. The latter telegraphed the acceptance of these conclusions by the Indian Government, June 15, 1893, urging haste. June 20, the Secretary of State for India, by telegraph, authorized action. The Indian Legislative Council, at Simla, met June 26, and voted the necessary changes in the Indian Coinage Act of 1870 and the Paper Currency Act of 1882. The same day this action was made known simultaneously in India and in England.

J. LAURENCE LAUGHLIN.

NO SILVER GRIEVANCE EXISTS.

IT is not entirely clear whether Mr. J. P. Dunn, in the "Notes" of the last number of the JOURNAL is the more interested in confuting Senator Sherman and General Walker, or in fortifying the myth of the "surreptitious" demonetization of silver. But of the two the latter is the only one worth discussing.

That a person as well informed about the debates in Congress between 1871 and 1873 as Mr. Dunn appears to be should still labor under the impression that Congress was led to do something about silver that it did not intend shows the wonderful capacity of the